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December 30, 2005

Jim Kempton, Chairman
Forum on Transportation Investment
C/O Linda Emery
3311 W. State Street
P.O. Box 7129
Boise, ID. 83707-1129

Dear Chairman Kempton:

Your Kempton's perspective on transportation funding at the local level is correct. State highway user funds have been rather static, property taxes are capped, and federal funds are beginning to decrease. The 1995 Needs Study showed needs at the local level into the billions of dollars that most people felt was not realistic.

Idaho's population is increasing and with that, more demands are being placed on the various infrastructure systems. We need to find innovative ways to assist with the ever-increasing demands for services placed on local units of government and the state, especially their highway systems.

Local highway jurisdictions have had to rely on property taxes, highway user funds and the National Forest Receipt program (currently Craig-Wyden). The federal Craig-Wyden funds are being considered for reauthorization in 2007 and may be reauthorized one more time but at a reduced level. That amounts to approximately \$14 million statewide. Counties and Highway Districts have utilized these dedicated funds for the road systems and as those funds decrease, the local highway jurisdictions will be in dire need of funds to maintain their systems.

In the past there has been a verbal agreement between the state and local highway jurisdictions that any new revenue be shared equally between the state and local highway jurisdictions due to the fact that the locals roads have been increasing. We would hope that this would be continued.

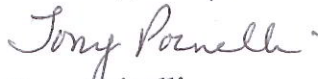
Currently, the only other source of funding for local governments is property tax. Idaho property tax system is under attack due to the rapid increases in valuation caused from the population increase. Also, local governments have been under a three percent (3%) property tax budget cap since 1995. From the county standpoint, transportation funding must compete with areas such as law enforcement, indigent health care, and employee health insurance, which have been increasing at more than a 3% rate. Because a few counties and highway districts have relied

heavily on those federal funds they have not levied property taxes. Now, due to the cap, they will not be able to levy unless they rob from another fund.

Because of all the above issues, many local highway jurisdictions are only able to provide a maintenance budget because funding has been either static or beginning to decrease. The local system is growing at a rate far faster than the state system and we have more miles chasing fewer dollars with the result being neglect and decay.

Thank you for the opportunity to provide additional input and for all your hard work.

Sincerely,

A handwritten signature in cursive script that reads "Tony Poinelli".

Tony Poinelli
Deputy Director
Idaho Association of Counties